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Subject: Regulation BB - Community Reinvestment Act

Jack Kenny
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April 6, 2004

Federal Reserve Board
Jennifer Johnson, Secretary
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Reserve Board:

Docket No. 04-06
Office of the Comptroller of the Currency

Docket No. R-1181
Board of Governors of the Federal Reserve System

Attention: Comments
Federal Deposit Insurance Corporation

Regulation Comments
Office of Thrift Supervision

To Whom it May Concern:

Oregon Housing & Community Services (OHCS) appreciates the opportunity to comment on the Joint Notice of Proposed Rulemaking regarding the Community Reinvestment Act (CRA) [69 FR 5729].

While we commend your efforts regarding the expansion of data collection, the proposal to change the definition of "small banks" will undermine the intent of the law in providing equitable lending in underserved communities. We cannot support this proposal and we urge you to withdraw the proposed definition of small banks.

Change in the Definition of "Small Banks"

The agencies propose to make approximately 1,100 banks subject to less rigorous CRA exams by changing the "small bank" limit from \$250 million to \$500 million. The long history of partnership between banks and CDFIs indicates that investment opportunities are available to banks of all sizes and in all regions. The proposal would particularly impact rural communities, where the number of institutions subject to complete CRA exams would decline by an estimated 73%, according to the National Community Capital Association.

We strongly urge you to withdraw this proposed change from consideration to ensure continued inclusion of "investment" and "service" tests in the CRA exams of a maximum number of banks.

Conclusion

The Community Reinvestment Act has channeled billions of dollars into underserved markets and fostered new, productive partnerships between banks and community organizations. The regulators must not roll back these gains in providing access to capital. Improved and enhanced data disclosure is an important step, but other aspects of the proposal threaten the expansion of capital and credit in underserved communities. We urge you to:

- * Maintain an investment test as part of banks' CRA performance by maintaining the current "small bank" definition.
- * Continue to hold banks that are part of large holding companies to the "large institution" standards.
- * Expand CRA so that it better reflects changes in the financial services industry brought about by market shifts, technology advances, and financial modernization legislation.

Thank you for the opportunity to comment.

Sincerely,

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